
NEW QUEBEC RAGLAN
MINES LIMITED

ANNUAL REPORT—1974

NEW QUEBEC RAGLAN
MINES LIMITED

HEAD OFFICE

40th Floor, Commerce Court West.....Toronto

DIRECTORS

Marsh A. Cooper.....Toronto

P. S. Cross.....Toronto

E. T. Donaldson.....Toronto

D. E. Howard.....Toronto

G. P. Mitchell.....Toronto

J. R. Smith.....Toronto

OFFICERS

J. R. Smith.....President

Marsh A. Cooper.....Vice-President

D. D. Anderson.....Secretary

J. D. Krane.....Treasurer

AUDITORS

Thorne Gunn & Co.....Toronto

REGISTRAR AND
TRANSFER AGENT

The Sterling Trusts Corporation
372 Bay Street.....Toronto

ANNUAL MEETING

Friday, April 18, 1975

11:00 a.m. (Toronto Time) — Elizabeth Room

King Edward Sheraton Hotel, Toronto, Ontario



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NEW QUEBEC RAGLAN MINES LIMITED

(Incorporated under the laws of Ontario)

REPORT OF THE DIRECTORS

Your Directors submit herewith a report on the Company's operations for the year ended December 31, 1974, together with the consolidated financial statements of the Company and its subsidiary, Raglan Quebec Mines Limited, and the Auditors' Report thereon.

The properties were maintained in good standing, but no exploration or development work was performed during the year. Maintenance and administrative costs amounted to \$98,008 which after credits resulted in a net expenditure of \$46,360.

Ore Reserves

Ore reserves did not change during the year and are estimated, including dilution, as follows:

	<u>Tons</u>	<u>Grade</u> <u>% Ni</u>	<u>% Cu</u>
Donaldson Mine — Underground Exploration			
Well assured reserves	3,021,000	3.06	0.73
Katiniq Deposit — Surface Drilling			
Indicated by closely spaced holes	5,276,000	2.42	0.70
Assumed extensions of ore within lateral limits of drilling	5,000,000	2.42	0.70
2 - Area — Surface Drilling	660,000	2.43	0.72
Assumed extensions of ore within lateral limits of drilling	500,000	2.43	0.72
3 - Area — Surface Drilling	1,093,000	2.81	0.69
Assumed extensions of ore within lateral limits of drilling	500,000	2.81	0.69
	<u>16,050,000</u>	<u>2.58</u>	<u>0.71</u>

Studies continued on the feasibility of bringing the properties into production.

On behalf of the Board of Directors,

J. R. SMITH,
President.

February 5, 1975.

NEW QUEBEC RAGLAN

(Incorporated under the laws of the Province of Quebec)
and its subsidiaries
Raglan Quebec Mines Limited

CONSOLIDATED BALANCE SHEET

(with comparative figures for 1973)

ASSETS

	1974	1973
CURRENT ASSETS		
Cash and short term securities, at cost which approximates market value	\$ 316,179	\$ 443,002
Accrued interest receivable	7,400	5,451
Prepaid insurance	11,733	
	<u>335,312</u>	<u>448,453</u>
FIXED ASSETS		
Mineral exploration licences and staked claims in the Cape Smith-Wakeham Bay area of Ungava, Quebec, at cost	81,000	81,000
Buildings and prospecting equipment, at nominal value	1	1
	<u>81,001</u>	<u>81,001</u>
DEFERRED EXPENDITURES		
Exploration, development and other expenditures deferred (notes 2 and 4)	28,104,241	28,057,881
	<u>\$28,520,554</u>	<u>\$28,587,335</u>

AUDITOR'S REPORT

To the Shareholders of
New Quebec Raglan Mines Limited

We have examined the consolidated balance sheet of New Quebec Raglan Mines Limited (the "Company") as at December 31, 1974 and the consolidated statements of exploration, development and other expenditures for the year then ended. Our examination included a general review of the accounting records and the supporting documents considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Company at the end of the year then ended, in accordance with that of the preceding year.

Toronto, Canada
January 10, 1975

d (No Personal Liability)

t December 31, 1973)

THORNE GUNN & CO.
Chartered Accountants

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

Year Ended December 31, 1974
(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Exploration and Development		
Indirect costs		
Property maintenance	\$ 57,135	\$ 70,926
Feasibility study costs (reduction)	(15,909)	128,722
	<u>41,226</u>	<u>199,648</u>
Administrative	40,873	44,949
Total expenditures for the year	<u>82,099</u>	<u>244,597</u>
Organization expenses written off		11,651
	<u>82,099</u>	<u>256,248</u>
Deduct		
Proceeds from sale of equipment		410,202
Interest earned	35,739	28,000
	<u>35,739</u>	<u>438,202</u>
Net increase (decrease) for the year	46,360	(181,954)
Expenditures deferred at beginning of year	28,057,881	28,239,835
Expenditures deferred at end of year (note 4)	<u>\$28,104,241</u>	<u>\$28,057,881</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1974
(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Source of working capital		
Proceeds from sale of equipment		\$ 410,202
Interest earned	\$ 35,739	28,000
	<u>35,739</u>	<u>438,202</u>
Application of working capital		
Exploration, development and other expenditures for the year	<u>82,099</u>	<u>244,597</u>
Increase (decrease) in working capital	(46,360)	193,605
Working capital at beginning of year	380,454	186,849
Working capital at end of year	<u>\$ 334,094</u>	<u>\$ 380,454</u>

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1974

1. BASIS OF CONSOLIDATION

These financial statements include the accounts of the company and its wholly-owned subsidiary company, Raglan Quebec Mines Limited (No Personal Liability).

2. EXPLORATION AND DEVELOPMENT AGREEMENTS

In accordance with agreements entered into with Falconbridge Nickel Mines Limited, Falconbridge undertook exploration and development work on the subsidiary company's properties. As consideration Falconbridge receives:

One share of \$1 par value of the subsidiary's redeemable, cumulative preferred shares for each \$1 of expenditure and

One share of the company's common stock for each \$37.50 of expenditure.

The company has recorded the issuance of its shares at \$15 and \$12 per share which were the approximate fair market values of the shares at the dates of signing the agreements. Pursuant to the agreements, Falconbridge incurred expenditures for which shares have been issued as follows:

	Expenditures	Preferred shares of subsidiary — par value	Shares of company — number
Total at January 1, 1973	\$17,261,029	\$17,261,029	260,294
1973	Nil	Nil	Nil
1974	Nil	Nil	Nil
Total at December 31, 1974	<u>\$17,261,029</u>	<u>\$17,261,029</u>	<u>260,294</u>

Falconbridge has the right under the agreements to continue exploration and development on the properties, expend further amounts thereon up to \$2,738,971 and receive as consideration preferred shares of the subsidiary company at par value and in addition one share of the company's capital stock for each \$37.50 of such expenditure.

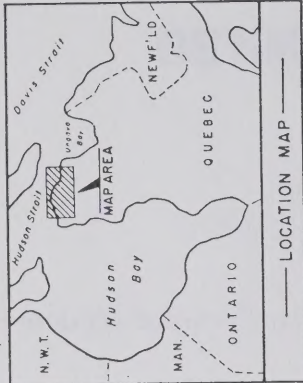
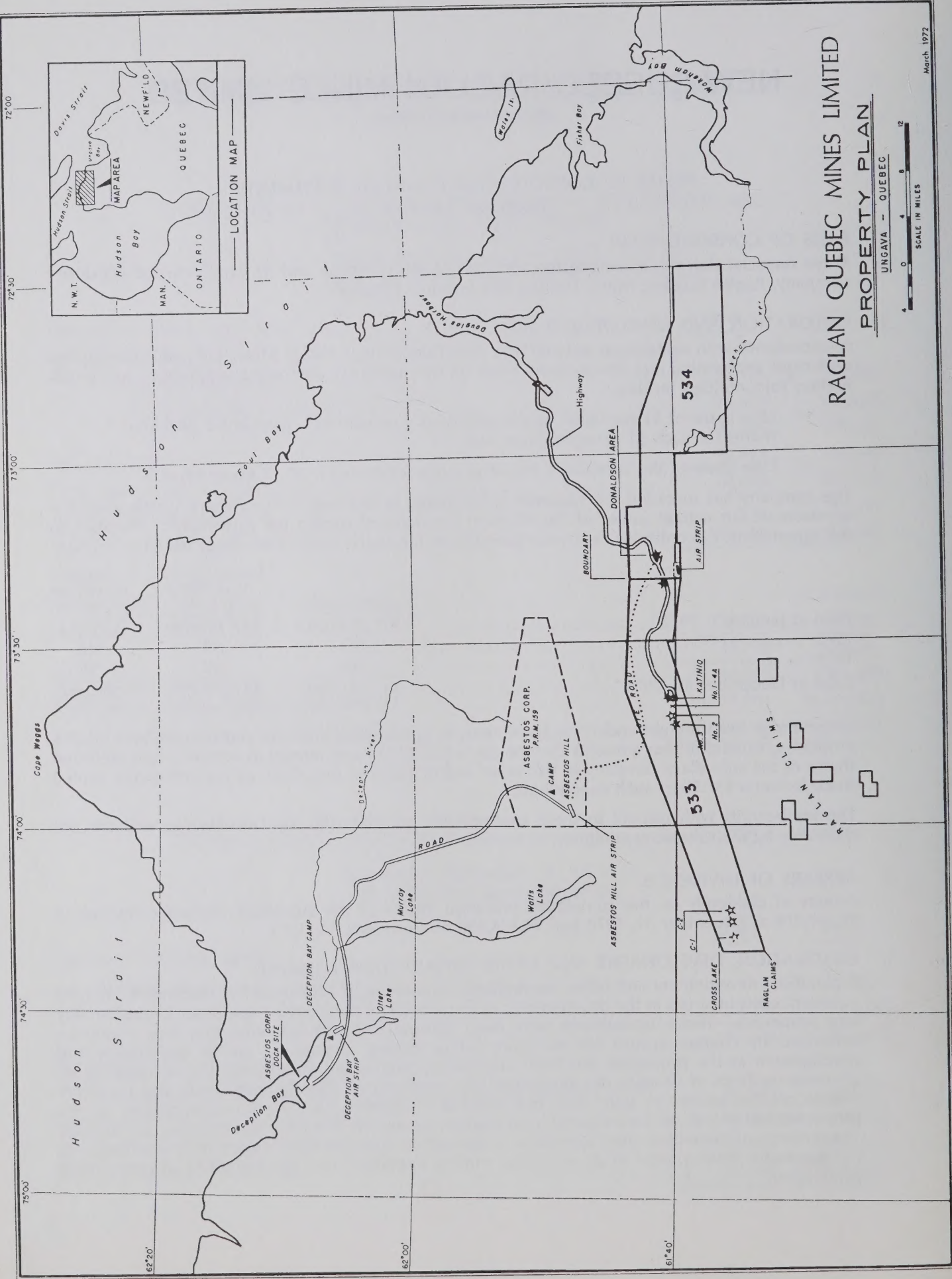
The tax benefits with respect to these expenditures are claimable by Falconbridge and are not claimable by the subsidiary company.

3. ARREARS OF DIVIDENDS

Arrears of dividends on the cumulative preferred shares of the subsidiary company amount to \$5,347,109 at December 31, 1974 and \$4,144,490 at December 31, 1973.

4. EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

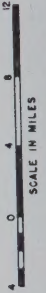
Exploration, development and other expenditures amounting to \$28,104,241 at December 31, 1974 represent costs incurred in the development of the subsidiary company's Cape Smith-Wakeham Bay area properties. These expenditures have been deferred with the intention that they should be amortized by charges against income from future mining operations. While exploration and development at the properties has been suspended, studies are continuing of the feasibility of alternate methods of bringing the properties into production. Development work and feasibility studies on this project to date have not resulted in conclusions that the expenditures on the properties will or will not be recoverable by charges against income from future mining operations. The recovery of these costs from operations is dependent upon the obtaining of adequate financing, the successful development of an economic mining operation, and the marketing of concentrate production.



RAGLAN QUEBEC MINES LIMITED

PROPERTY PLAN

UNGAVA - QUEBEC



SCALE IN MILES

March 1972

AR12

NEW QUEBEC
RAGLAN MINES
LIMITED

INTERIM REPORT

Six Months Ended
June 30

1974

NEW QUEBEC RAGLAN MINES LIMITED

and its wholly-owned subsidiary company

RAGLAN QUEBEC MINES LIMITED

P.O. Box 40, Commerce Court West, Toronto, Ontario M5L 1B4

Consolidated Statement of Changes in Financial Position

Six Months Ended June 30		
1974	1973	
SOURCE OF WORKING CAPITAL:		
Proceeds from sales of equipment	—	\$ 442,775
Interest income	17,463	7,852
	17,463	450,627
APPLICATION OF WORKING CAPITAL:		
Exploration, development and administrative expenditures deferred	70,271	105,259
Less organization expenses written off	—	11,651
	70,271	93,608
Decrease (increase) in working capital during the period	52,808	(357,019)
Working capital, beginning of period	380,454	186,849
Working capital, end of period	\$ 327,646	\$ 543,868

Consolidated Statement of Exploration, Development and Administrative Expenditures Deferred

Six Months Ended June 30		
1974	1973	
Property Maintenance	\$ 45,443	\$ 67,884
Administrative expense	23,778	25,724
Feasibility study	1,050	—
Organization expenses written off	—	11,651
Less proceeds from sales of equipment	70,271	442,775
	70,271	105,259
Deduct (add) interest earned	17,463	(7,852)
Expenditures (net) for the period	\$ 52,808	\$ (345,368)

(The above figures are unaudited)